



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0359	Title:	Revise horse racing board members/move to dept. of agriculture
Primary Sponsor:	Cocchiarella, Vicki	Status:	Second Reading

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$111,841	\$82,266	\$84,323	\$86,431
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	(\$111,841)	(\$82,266)	(\$84,323)	(\$86,431)

Description of Fiscal Impact:

SB359 transfers the Board of Horse Racing from the Department of Livestock to the Department of Agriculture. SB359 would require the Board of Horse Racing to actively promote the breeding industry, the development of high quality racetracks, and enhance the image of and heighten the profile of the horseracing industry.

FISCAL ANALYSIS

Assumptions:

1. The existing state special revenue fund, revenues, appropriations, employees, contracts, and leases specifically tied to the Board of Horse Racing in the Department of Livestock will be transferred to the Department of Agriculture effective July 1, 2007.

Department of Livestock (DoL)

2. The proposed Executive Budget for FY 2008 and FY 2009 is used for the transfer of the Board of Horse Racing to the Department of Agriculture.

Department of Agriculture (AGR)

3. The Board of Horseracing will use existing resources and the marketing expertise of the Department of Agriculture, Agricultural Development Division to actively promote the horseracing industry.

4. To implement a plan of cooperation with other entities interested in horseracing, and to develop a plan to address issues affecting the horseracing industry, the Agricultural Development Division will hire a full-time (1.00 FTE) business development specialist with estimated cost of \$59,330 in FY 2008 and FY 2009.
5. The department will contract with insurance and race track experts to address issues affecting the horseracing industry and ways to enhance the condition and safety of race tracks in Montana. The existing contract rate is \$150 per hour. It is estimated that compiling expert information will require at least 40 contract hours in each subject matter in FY 2008 ($\$150 \times 40 \times 2 = \$12,000$) with ongoing consulting estimated at 40 contract hours ($\$150 \times 40 = \$6,000$).
6. Operating costs and expenses associated with the development and implementation of a plan of cooperation with Indian tribes, neighboring states, neighboring Canadian provinces, and Canada are expected to total \$16,674.40 in FY 2008. [Travel (6 commercial air tickets @ \$500 each = \$3,000; 12 nights lodging @ \$60 per night = \$720; 5 trip tickets for motor pool vehicle rental @ \$96.50 per trip = \$482.50; 24 days of per diem @ \$30.60 in state = \$734.40; total \$4,936.90)]; communications (\$1,500); office supplies (\$1,700); rent for new FTE ($\$8.15$ per square foot \times 250 square feet = \$2,037.50 per year); printing (\$5,000); and training/conference fees (\$1,500).
7. Relocation of the Board of Horse Racing to the AGR will result in a one-time expenditures in FY 2008 of approximately \$23,575. Expenditures would include office staff to write and adopt rules, and rule notices to reflect the transfer to a different agency at an approximate \$50/page times 175 pages ($\$50 \times 175 = \$8,750$), legal counsel, start-up costs for a new employee office (\$1,375), personal laptop computer (\$2,200), additional board meetings, mailings, and etc.
8. Section 1 (2) decreases the number of board members from seven to five; the board meets five times a year. The total estimated reductions are \$1,906.90 each fiscal year.
9. A 2.5% inflation adjustment was used FY 2010 and FY 2011.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Livestock				
FTE	(3.28)	(3.28)	(3.28)	(3.28)
<u>Expenditures:</u>				
Personal Services	(\$124,551)	(\$124,897)	(\$128,019)	(\$131,220)
Operating Expenses	<u>(\$312,969)</u>	<u>(\$163,145)</u>	<u>(\$167,224)</u>	<u>(\$171,404)</u>
TOTAL Expenditures	<u><u>(\$437,520)</u></u>	<u><u>(\$288,042)</u></u>	<u><u>(\$295,243)</u></u>	<u><u>(\$302,624)</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$250,000)	(\$100,000)	(\$102,500)	(\$105,063)
State Special Revenue (02)	<u>(\$187,520)</u>	<u>(\$188,042)</u>	<u>(\$192,743)</u>	<u>(\$197,562)</u>
Total Funding of Expenditures	<u><u>(\$437,520)</u></u>	<u><u>(\$288,042)</u></u>	<u><u>(\$295,243)</u></u>	<u><u>(\$302,624)</u></u>
Department of Agriculture				
FTE	3.28	3.28	3.28	3.28
<u>Expenditures:</u>				
Personal Services	\$124,551	\$124,897	\$128,019	\$131,220
Operating Expenses	<u>\$312,969</u>	<u>\$163,145</u>	<u>\$167,224</u>	<u>\$171,404</u>
TOTAL Expenditures	<u><u>\$437,520</u></u>	<u><u>\$288,042</u></u>	<u><u>\$295,243</u></u>	<u><u>\$302,624</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$250,000	\$100,000	\$102,500	\$105,062
State Special Revenue (02)	<u>\$187,520</u>	<u>\$188,042</u>	<u>\$192,743</u>	<u>\$197,562</u>
Total Funding of Expenditures	<u><u>\$437,520</u></u>	<u><u>\$288,042</u></u>	<u><u>\$295,243</u></u>	<u><u>\$302,624</u></u>
New Duties				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	59,592	59,592	61,082	62,609
Operating Expenses	<u>\$52,249</u>	<u>\$22,674</u>	<u>\$23,241</u>	<u>\$23,822</u>
TOTAL Expenditures	<u><u>\$111,841</u></u>	<u><u>\$82,266</u></u>	<u><u>\$84,323</u></u>	<u><u>\$86,431</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$111,841	\$82,266	\$84,323	\$86,431
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$111,841)	(\$82,266)	(\$84,323)	(\$86,431)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. SB 359 requires the Board of Horse Racing to actively promote an industry that it regulates. This creates an inherent conflict that typically is not done in any other state agency.
2. The current wording of the bill requires the Board of Horse Racing to actively promote with the resources available. Current resources are being utilized for current statutorily required purposes such as regulating and purses.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date